



U.S. Department of Justice

United States Attorney  
Southern District of New York

The Silvio J. Mollo Building  
One Saint Andrew's Plaza  
New York, New York 10007

December 26, 2014

BY ECF AND ELECTRONIC MAIL

Honorable Lorna G. Schofield  
United States District Judge  
Southern District of New York  
500 Pearl Street  
New York, New York 10007  
E-mail: Schofield\_NYSDChambers@nysd.uscourts.gov

**Re:           *United States v. Javier Martin-Artajo and Julien Grout,*  
              **No. 13 Cr. 707 (LGS)****

Dear Judge Schofield:

As the Court will recall, on September 16, 2013, a grand jury in this district returned a five count indictment charging Javier Martin-Artajo and Julien Grout with conspiracy, securities fraud, and related offenses. As set out in the indictment, Martin-Artajo and Grout were, respectively, a senior executive and a trader in JPMorgan Chase & Company's Chief Investment Office, and the charges contained in the indictment relate to their alleged participation in concealing hundreds of millions of dollars in losses in the CIO's credit derivatives trading book known as the "Synthetic Credit Portfolio."

Your Honor's staff has advised us that the Court would like periodic updates about the status of the defendants. It continues to be the case that neither Martin-Artajo nor Grout has yet been presented in the United States. Martin-Artajo was arrested in August 2013 in Spain, and his extradition proceedings remain ongoing. During the course of those proceedings, the Spanish Foreign Ministry has periodically requested additional information; the Government's most recent supplemental submission in response to such a request was executed on or about October 28, 2014, and then transmitted to Spain. We are unable to predict when a final determination regarding Martin-Artajo's extradition will be made. Grout, meanwhile, remains a fugitive residing in France, where he is not subject to extradition.

Notwithstanding their refusal to appear in the United States to face the criminal charges against them, both Martin-Artajo and Grout have appeared, solely through counsel, in the parallel enforcement action before Judge Daniels, styled *SEC v. Martin-Artajo and Grout*, 13 Civ. 5677 (GBD) (MHD). In that case, Martin-Artajo and Grout have participated in discovery, receiving a great deal of documents from the SEC and third parties, such as JPMorgan. They have also begun to take depositions. Judge Daniels has, however, entered a limited stay at the

Government's request<sup>1</sup> to prohibit the defendants from obtained through civil discovery the functional equivalent of 3500 material in the criminal case; the defendants have also refused to sit for depositions themselves. We understand that the next conference in the civil case is scheduled to take place on January 8, 2015.

Unless the Court prefers otherwise, the Government will provide regular status updates in approximately six-month intervals regarding the defendants' status, or whenever there is something to report. Thank you for your consideration.

Respectfully,

/s/ Matthew L. Schwartz  
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<sup>1</sup> The U.S. Attorney's Office for the Southern District of New York intervened in the SEC action for the purposes of seeking a partial stay of discovery.